

EXHIBIT 9

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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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:
In re: : **Chapter 11 Case No.**
:
LEHMAN BROTHERS HOLDINGS INC., et al. : **08-13555 (JMP)**
:
: **(Jointly Administered)**
:
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**DEBTORS' DISCLOSURE STATEMENT FOR
SECOND AMENDED JOINT CHAPTER 11 PLAN OF LEHMAN
BROTHERS HOLDINGS INC. AND ITS AFFILIATED DEBTORS
PURSUANT TO SECTION 1125 OF THE BANKRUPTCY CODE**

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New York, New York

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Exhibits

Exhibit 1	Second Amended Joint Chapter 11 Plan
Exhibit 2A	Balance Sheets of Each Debtor, as of the Applicable Commencement Date
Exhibit 2B	Balance Sheets of Each Debtor, as of December 31, 2010
Exhibit 2C	Reconciliation of Cash Flow Estimates (Gross Receipts) to the Balance Sheets, as of December 31, 2010
Exhibit 3	Condensed Balance Sheets of Woodlands Bank and Aurora Bank, as of March 31, 2011
Exhibit 4	Recovery Analysis for Each Debtor
Exhibit 5	Liquidation Analysis for Each Debtor
Exhibit 6	Debtors' Estimates of Claims and Claims Data
Exhibit 7	Cash Flow Estimates Through 2014
Exhibit 8A	Significant Balances Among Affiliates
Exhibit 8B	Reconciliation of Balance Sheets as of December 31, 2010 and estimated Affiliate Claim Amounts
Exhibit 9	Debtors' Claims Schedule
Exhibit 10	Reallocation of Distributions from Subordinated Notes to Senior Obligations
Exhibit 11	Structured Securities Valuation Methodologies
Exhibit 12	Plan Adjustment Percentages
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Exhibit 14A	Description of Bankhaus Settlements
Exhibit 14B	Bankhaus Settlement Agreement
Exhibit 15	Exchange Rates
Exhibit 16	Summary of Alternative Plans
Exhibit 17	Diagram of Reallocation of Distributions Included in Plan
Exhibit 18	Certain Significant Transactions Regarding Debtors' Assets
Exhibit 19	Description of Business and Capital Structure of Lehman Prior to the Commencement Date
Exhibit 20	List Of Creditors That Have Executed Plan Support Agreements

(i) Settlements with Bankhaus

The Debtors have entered into two settlement agreements with Dr. Michael C. Frege, the Foreign Administrator of Bankhaus. Pursuant to the first settlement agreement (the “Bankhaus Loans Settlement Agreement”) (i) the parties settled disputes between LBHI, LCPI, and Lehman ALI (collectively, the “Lehman Parties”) and Dr. Frege regarding the ownership of certain loans subject to participations, (ii) the Lehman Parties purchased loans from Bankhaus and (iii) certain claims of Bankhaus against LBHI and LCPI were Allowed. A description of the terms of the Bankhaus Loans Settlement Agreement is included on Exhibit 14A hereto.

Pursuant to the second settlement agreement (the “Bankhaus Claims Settlement Agreement”), the Debtors and Dr. Frege (a) settled all claims among the Debtors and certain Debtor-Controlled Entities and Bankhaus, (b) subject to certain conditions, Bankhaus agreed to support the Plan and the Debtors agreed to support a plan in Bankhaus’s Foreign Proceeding, and (c) LBHI agreed to purchase certain securities owned by Bankhaus. The Bankhaus Claims Settlement Agreement is subject to (i) the confirmation of a Plan which incorporates the Bankhaus Claims Settlement Agreement and (ii) authority from Bankhaus’ Creditors’ Committee and Creditors Assembly. A description of the terms of the Bankhaus Claims Settlement Agreement is included on Exhibit 14A, and an executed copy of the Bankhaus Claims Settlement Agreement is annexed hereto as Exhibit 14B hereto. The Debtors are requesting that the Bankruptcy Court approve the settlement between the Debtors and Bankhaus pursuant to Bankruptcy Rule 9019 as part of the Plan.

F. Alternative Chapter 11 Plans

1. Plan Proposed by the Ad Hoc Group

On December 15, 2010, an ad hoc group of LBHI creditors (the “Ad Hoc Group”)⁴ proposed a joint substantively consolidating chapter 11 plan for all of the Debtors other than Merit, Somerset and Preferred Somerset and a related disclosure statement. On April 27, 2011, the Ad Hoc Group filed its amended joint substantively consolidating chapter 11 plan (the “Ad Hoc Plan”) and an amended disclosure statement (the “Ad Hoc Disclosure Statement”). The Ad Hoc Plan is premised on the Bankruptcy Court ordering substantive consolidation of (a) the Debtors, (b) Lehman Brothers Treasury Co. B.V. (“LBT”) and Lehman Brothers Securities N.V. (“LBSN”) and (c) certain of the Debtors’ foreign Affiliates; *provided, however*, if LBT, LBSN or certain of the foreign Affiliates vote to accept the Plan, such Affiliates will not be substantively consolidated with the Debtors. A summary of the Ad Hoc Plan is included on Exhibit 16 hereto.

⁴ The Ad Hoc Group consists of California Public Employees’ Retirement System, Canyon Capital Advisors LLC, City of Costa Mesa, City of Fremont, County of San Mateo, Fiduciary Counselors Inc., Fir Tree, Inc., Gruss Asset Management, L.P., Owl Creek Asset Management, L.P., on behalf of the funds it manages or advises, Paulson & Co. Inc., Perry Capital LLC, on behalf of one or more investment funds for which it or an affiliate acts as investment advisor or general partner, Taconic Capital Advisors L.P. and Vallejo Sanitation and Flood Control District.

h. Intercompany Claims

The Recovery Analysis assumes that all Intercompany Claims are recognized beginning in the amounts set forth on the balance sheets as of the applicable Commencement Date. The material Intercompany Balances are set forth on Exhibit 8A. For purposes of the Recovery Analysis, these balances are subject to reconciliation, adjustment and the effect of certain Plan provisions, and have been netted to reflect the set-off of mutual debts (i.e., pre-petition debts against pre-petition debts, post-petition against post-petition (See Exhibit 8B)). With respect to Affiliate Guarantee Claims, the Recovery Analysis reduces such Claims to take into account the risk to such claimants of numerous issues, including (i) substantive consolidation and (ii) the enforceability of specific Guarantees.

Intercompany payables consist of (i) Derivative Contracts recorded at fair value in the Debtors' records as of September 14, 2008, (or the applicable termination date), (ii) intercompany payables derived from financings which are reflected net of collateral inventory and (iii) normal course intercompany funding.

Any intercompany transactions that occurred on or after the Commencement Date are treated as Administrative Claims. In accordance with the terms of the Plan, setoff of Intercompany Claims is calculated based on the Allowed amount of such Claims.

Certain of the Debtors have claims against Debtor-Controlled Entities, which entities may be insolvent. The Debtors may ultimately collect only a portion of the claim amounts against such entities.

Deutsche Bank acquired the Allowed Claim Against LCPI and the related Allowed Guarantee Claim Against LBHI (defined below in Exhibit 14A) from Bankhaus. Since such Claims are based on a contractual obligation of LCPI to an Affiliate, the Debtors have included the Allowed Claim Against LCPI in LCPI Class 5C as a Claim of an Affiliate other than LBHI and the Participating Subsidiary Debtors, and the Debtors have included the Allowed Guarantee Claim Against LBHI in LBHI Class 4B as a Senior Affiliate Guarantee Claim. Deutsche Bank disputes such classifications and asserts that such Claims should be included in LCPI Class 4A as a General Unsecured Claim against LCPI and in LBHI Class 7 as a General Unsecured Claim against LBHI.

4. Net Distributable Assets, Recovery Analysis And Reconciliation Tables.

Included in this Exhibit are tables containing the Net Distributable Assets for each Debtor, the Recovery Analysis for each Debtor and Reconciliation Tables for LBHI and the Participating Subsidiary Debtors. The Reconciliation Tables provide detail regarding the effects of the Plan provisions on the recoveries to certain creditors of LBHI and the Participating Subsidiary Debtors.

The Plan provides that a portion of Distributions to certain other classes will be reallocated to holders of Allowed Claims in LBHI Classes 3 and 7. The gross

Recovery Analysis for LBHI

(\$ in millions)

	Estimated Plan Assets			Estimated Allowed Claims³	Estimated Plan Recovery	
					\$	%
Cash & Cash Equivalents	\$2,723	Class 1:	Priority Non-Tax Claims	\$3	\$3	100.0%
Restricted Cash	3,515	Class 2:	Secured Claims	2,481	2,481	100.0%
<u>Financial Instruments & Other Inventory</u>		Class 3:	Senior Unsecured Claims	83,724	17,678	21.1%
Real Estate	4,353	Class 4A: ⁴	Senior Affiliate Claims	52,327	8,147	15.6%
Loans	596	Class 4B: ⁴	Senior Affiliate Guarantee Claims	11,563	1,758	15.2%
Principal Investments	1,613	Class 5:	Senior Third-Party Guarantee Claims	52,702	6,410	12.2%
Derivatives & Other Contracts	--	Class 6A:	Convenience Claims	54	14	26.0%
Other Assets	2,486	Class 6B:	Convenience Guarantee Claims	332	56	17.0%
Operating Asset Recoveries	\$15,285	Class 7:	General Unsecured Claims	11,390	2,267	19.9%
Recovery on Intercompany Receivables	25,913	Class 8: ⁴	Affiliate Claims	1,446	208	14.4%
Recovery on Other Receivables	2,946	Class 9A:	Third-Party Guarantee Claims other than those of the Racers Trusts	39,658	4,555	11.5%
Equity Interests in Affiliates	2,727	Class 9B:	Third-Party Guarantee Claims of the Racers Trusts	1,948	136	7.0%
TOTAL ASSETS	\$46,872	Class 10A:	Subordinated Class 10A Claims	3,436	--	--
<u>Administrative Expenses¹</u>		Class 10B:	Subordinated Class 10B Claims	10,343	--	--
Administrative Expenses & Other ²	(\$2,592)	Class 10C:	Subordinated Class 10C Claims	1,499	--	--
Post-Petition Intercompany Payables	(2,316)	Class 11:	Section 510(b) Claims	--	--	--
Operating Disbursements	(641)	Class 12:	Equity Interests	--	--	--
DISTRIBUTABLE ASSETS	\$41,322					
Plan Adjustment from Part. Debtors	\$2,390					
NET DISTRIBUTABLE ASSETS	\$43,712	TOTALS		\$272,904	\$43,712	

Note: All values that are exactly zero and all recovery percentages where the corresponding recovery amount is zero are shown as "--". Values between zero and \$500,000 appear as "0".

1 Comprised of administrative expenses, professional compensation and priority tax claims.

2 Includes \$300 million for Debtor Allocation Agreement in accordance with Section 6.3 of the Plan.

3 Debtor's best estimate of the amount of claims ultimately allowed consistent with Plan settlements.

4 Represents Claims after the effects of setoff.

Recovery Analysis for LCPI

(\$ in millions)

	Estimated Plan Assets			Estimated Allowed Claims²	Estimated Plan Recovery	
					\$	%
Cash & Cash Equivalents	\$2,951	Class 1:	Priority Non-Tax Claims	--	--	--
Restricted Cash	41	Class 2:	Secured Claims	\$144	\$144	100.0%
<u>Financial Instruments & Other Inventory</u>		Class 3:	Convenience Claims	1	0	60.0%
Real Estate	5,334					
Loans	4,093	Class 4A: ⁴	General Unsecured Claims other than those of Designated Entities	2,752	1,533	55.7%
Principal Investments	663					
Derivatives & Other Contracts	49	Class 4B:	General Unsecured Claims of Designated Entities	5,230	2,534	48.4%
Other Assets	124	Class 5A: ³⁴	Affiliate Claims of LBHI	17,857	8,216	46.0%
Operating Asset Recoveries	\$13,255	Class 5B: ³	Affiliate Claims of Participating Subsidiary Debtors	5	3	48.4%
Recovery on Intercompany Receivables	\$4,096	Class 5C: ³	Affiliate Claims other than those of Participating Debtors	4,871	2,537	52.1%
Recovery on Affiliate Guarantees	--					
Equity Interests in Affiliates	273	Class 6:	Equity Interests	--	--	--
TOTAL ASSETS	<u>\$17,624</u>					
<u>Administrative Expenses¹</u>						
Administrative Expenses & Other	(\$585)					
Post-Petition Intercompany Payables	(124)					
Operating Disbursements	(668)					
DISTRIBUTABLE ASSETS	<u>\$16,248</u>					
Contribution to Plan Adjustments	(\$1,280)					
NET DISTRIBUTABLE ASSETS	<u>\$14,967</u>	TOTALS		<u>\$30,861</u>	<u>\$14,967</u>	

- Note: All values that are exactly zero and all recovery percentages where the corresponding recovery amount is zero are shown as "--". Values between zero and \$500,000 appear as "0".
- 1 Comprised of administrative expenses, professional compensation and priority tax claims.
- 2 Debtor's best estimate of the amount of claims ultimately allowed consistent with Plan settlements.
- 3 Represents Claims after the effects of setoff.
- 4 The first \$100 million of Distributions made to Class 5A on account of its Allowed Affiliate Claim has been redistributed to Class 4A in accordance with Section 6.5(e) of the Plan.

Exhibit 14A

Bankhaus Settlements

1. Loans Settlement Agreement

Prior to the Commencement Date, with respect to commercial and real estate loans, LBHI, LCPI, and Lehman ALI (collectively, the “Lehman Parties”) and Bankhaus periodically entered into transactions with one another, or their wholly owned subsidiaries, whereby one of the parties acted as the lender of record and/or agent (the “Lender”) for certain loans, and the other party or parties would acquire interests in those loans through a participation (the “Participant”). Following the Commencement Date, a dispute arose among the Lehman Parties and Dr. Michael C. Frege, the Foreign Administrator of Bankhaus, over the ownership of certain of the loans. The Lehman Parties and Dr. Frege entered into a settlement agreement (the “Bankhaus Loans Settlement Agreement”) pursuant to which, the Lehman Parties acquired 86 loans with a total outstanding principal balance due of approximately \$2.9 billion, for a net purchase price of approximately \$1 billion, which amount accounts for (i) litigation risks associated with the dispute, and (ii) commercial risks attendant to collections. Other loans that were not a part of the dispute were also included in the transaction, and were acquired by the Lehman Parties at a discount. The Bankhaus Loans Settlement Agreement also provided that certain Claims of Bankhaus with respect to other participations will be Allowed as general unsecured Claims against LCPI, in the amount of \$1,015,500,000 (the “Allowed Claim Against LCPI”), and against LBHI, in the amount of \$1,380,900,000 (less the amount of any distributions that are received by Bankhaus as a distribution on the Allowed Claim Against LCPI). Such Claim against LBHI will be treated as a Senior Affiliate Guarantee Claim in LBHI Class 4B. The Allowed Claim Against LCPI is treated as a Affiliate Claim in Class 5C. The Bankhaus Loans Settlement Agreement further provides that LCPI and LBHI may not setoff claims held against Bankhaus against the Claims deemed Allowed by the Bankhaus Loans Settlement Agreement.

2. Claims Settlement Agreement and Plan Support

On March 1, 2011, the Debtors and certain Debtor-Controlled Entities entered into a settlement agreement with Bankhaus (the “Bankhaus Claims Settlement Agreement”), a copy of which is annexed hereto as Exhibit 14B. Pursuant to such agreement, the parties agreed that the Plan would incorporate and seek approval for a settlement of the allowed amount of all Claims of the Debtors and certain Debtor-Controlled Entities against Bankhaus, and all Claims of Bankhaus against the Debtors, and released each other from and against all other claims. A summary of the Allowed Claims of each party is set forth in the table below.

Pursuant to the Bankhaus Claims Settlement Agreement, Bankhaus agreed to vote to accept the Plan, subject to being properly solicited pursuant to an approved disclosure statement under section 1125 of the Bankruptcy Code. Furthermore, Bankhaus agreed neither to object to the Plan nor to support or participate in the formulation of any other chapter 11 plan, and not to object to the Claims of any Foreign Debtors that have entered into similar plan settlement agreements with the Debtors. Similarly, the Debtors have agreed to support an insolvency plan in Bankhaus’s liquidation (if Bankhaus elects to propose an insolvency plan),

provided that the Debtors are afforded an opportunity to review the insolvency plan and are reasonably satisfied that its terms are consistent with the terms of the Bankhaus Claims Settlement Agreement.

The Bankhaus Claims Settlement Agreement provides for certain termination rights, including that the LBB InsAdmin may terminate the Bankhaus Claims Settlement Agreement if (i) the Debtors make a material modification to the structure, classification or Distribution scheme under the Plan that would materially reduce recoveries to Bankhaus as set forth in herein, or (ii) if the Plan provides for materially different treatment of Claims held by other creditors that are factually and legally similar to the Claims of Bankhaus, resulting in such other creditors having a recovery entitlement in respect of said Claims that is materially higher than the recovery entitlement provided for in the Plan in respect of the Bankhaus's Allowed Claims. Similarly, the Debtors may terminate the agreement if the LBB InsAdmin allows and provides for materially different treatment of claims held by other creditors of Bankhaus that are factually and legally similar to the claims of the Debtors and certain Debtor-Controlled Entities, resulting in such other creditors having a recovery entitlement in respect of said claims that is materially higher than the recovery entitlement of the Debtors and the relevant Debtor-Controlled Entities.

The Bankhaus Claims Settlement Agreement is subject to (i) the confirmation of the Plan which incorporates the Bankhaus Claims Settlement Agreement and (ii) the necessary authority from Bankhaus' Creditors' Committee (*Gläubigerausschuss*) and Creditors Assembly (*Gläubigerversammlung*).¹⁰ The Debtors and the Creditors' Committee spent a significant amount of time and efforts analyzing the various transactions between the Debtors and Bankhaus. The terms of the Bankhaus Claims Settlement Agreement are the result of more than two years of arms-length negotiations with the LBB InsAdmin. In the Debtors' business judgment the terms of the Bankhaus Claims Settlement Agreement are in the best interest of the Debtors' estates. The Debtors request that the Bankruptcy Court approve the settlement between the Debtors and Bankhaus pursuant to Bankruptcy Rule 9019.

As part of the Bankhaus Claims Settlement Agreement, the Debtors agreed to purchase from Bankhaus the notes issued by certain securitizations. On March 23, 2011, the Bankruptcy Court approved two note purchase agreements [Docket No. 15287] pursuant to which LBHI purchased all of Bankhaus's interests in notes issued by Spruce CCS, Ltd., Verano CCS, Ltd. and SASCO 2008-C2, LLC (the "Purchased Notes") with an aggregate outstanding principal amount of approximately \$1,543 million, free and clear of all liens, claims, and encumbrances, for an aggregate purchase price of \$957 million. LBHI agreed to purchase the Purchased Notes for two reasons. First, LBHI acquired the Purchased Notes at a discount to the outstanding principal amount, and has the opportunity to realize a profit in the long term from the Purchased Notes. Second, the acquisition of the Purchased Notes will enable the Debtors to maximize the value of real estate loans and commercial loans held by Spruce CCS, Ltd., Verano CCS, Ltd. and SASCO 2008-C2, LLC, and thus also maximize the value of the Debtors' interests in the other notes issued by and equity interest in Spruce CCS, Ltd., Verano CCS, Ltd.

¹⁰ The Debtors are advised that Bankhaus has obtained the requisite authority from its Creditors' Committee and its Creditors' Assembly.

and SASCO 2008-C2, LLC. Specifically, by purchasing Bankhaus's interests in the Purchased Notes, LBHI and LCPI have obtained control over 100% of the capital structure of such securitization issuers, thereby enabling the Debtors to manage the underlying assets more efficiently. The acquisition of the Purchased Notes is part of the Debtors' overall settlement with Bankhaus. To the extent the a chapter 11 plan incorporating the terms of the Bankhaus Claims Settlement Agreement is not confirmed on or before December 31, 2012, LBHI is obligated to pay an additional \$100 million dollars to Bankhaus as further consideration for Bankhaus's sale of its interest in note issued by SASCO 2008-C2.

Claims of Bankhaus		
Debtor	Amount	Description
LCPI	\$1,015,500,000 ¹¹	Security & Collateral Agreement
	Up to \$1,279,401,572 ¹²	Repurchase Agreement in connection with 7 th Avenue Program
LBHI	\$1,380,900,000 (less the amount of any distributions that are received by Bankhaus as a distribution on the Allowed Claim Against LCPI)	Security & Collateral Agreement
	\$6,425,000,000	Security & Collateral Agreement
	\$19,191,840	Guarantee of Lehman Programs Securities
	\$16,256,461	Guarantee of Derivative Contract
LBSF	Up to \$1.2 billion ¹³	Swap Agreements in connection with the 7 th Avenue Program
Claims of Debtors Against Bankhaus		
Debtor	Claim Amount	
LBSF	\$320,904,908 ¹⁴	
LBCC	\$101,979,146	
LBCS	\$149,747,293	
LCPI	\$69,344,378 ¹⁵	

¹¹ This Claim was Allowed pursuant to the Bankhaus Loans Settlement Agreement.

¹² This Claim amount is subject to certain reductions, as described in detail in the Bankhaus Claims Settlement Agreement.

¹³ This Claim amount is subject to certain reductions, as described in detail in the Bankhaus Claims Settlement Agreement. A portion of this claim will be a secured claim and a portion will be an unsecured claim.

¹⁴ This Claim will be netted against Bankhaus's Claims against LBSF, reducing Bankhaus's Allowed Claims against LBSF.

¹⁵ This Claim will be netted against Bankhaus's Claims against LCPI, reducing Bankhaus's Allowed Claims against LCPI relating to the repurchase agreement in connection with the 7th Avenue transaction.